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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

DOUBLE HAPPINESS SHIPPING
COMPANY LIMITED,

Plaintiff,

-against-

COSMOTRADE EXPORTS S.A.,

Defendant.

07-cv-04615 (LTS)

**PLAINTIFF'S MEMORANDUM OF LAW CONCERNING
DEFENDANT'S REQUEST FOR COUNTERSECURITY**

DISCUSSION

This action concerns a claim for maritime security pursuant to Rule B of the Supplemental Admiralty Rules. The underlying disputes arise out of a charterparty for the M/V ALEXIA M, an ocean-going cargo vessel, and are pending in arbitration in London. Pursuant to order of attachment issued in this matter, plaintiff has obtained security for the full amount of its claim, to wit \$238,356.26 (net of funds presently held in escrow in London). Defendant has made this motion seeking countersecurity in the amount of \$433,062.10.

The parties have been actively negotiating possible alternative means of providing security to each other in lieu of the cash or bond required of each party in connection with this action. Indeed, they have already agreed to exchange bank guarantees and have agreed upon the specific banks which will be providing the security. All that remains to be agreed at this point is the specific wording of the guarantees. In the circumstances, plaintiff respectfully submit that defendant's application is effectively unnecessary. In any event, plaintiff respectfully requests that the Court grant the parties additional time, until May 30, 2008, to attempt to conclude these negotiations which, if successful, would effectively conclude these proceedings.

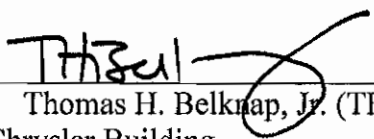
Alternatively, in the event the Court is not prepared to further adjourn defendant's application, it is plaintiff's position that defendant's counterclaim is frivolous and is based on false or fraudulent documents. In this respect, plaintiff made an application to the arbitration panel seeking appropriate preliminary relief on January 25, 2008. Regrettably, by "order" issued on March 21, 2008, the arbitration panel declined to address this preliminary issue in isolation from the other issues in the matter.

In the present posture, plaintiff does not consider that this is the appropriate time to put before this Court detailed arguments why the Court should deny defendant's request for countersecurity on the basis that its counterclaim is frivolous. Nevertheless, in the event the

circumstances should change or the arbitration panel should issue further interim rulings during the proceedings which alter the position in favor of making such an application, plaintiff hereby respectfully reserves the right to seek to vacate any order of countersecurity entered in this matter on this basis. Similarly, plaintiff respectfully reserves the right to move pursuant to Supplemental Rule E(6) to reduce such countersecurity as may be appropriate.

Dated: New York, NY
May 1, 2008

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